REMARKS/ARGUMENTS

The Applicants respectfully request that the Examiner consider the following remarks in view of the 31 August 2005 Office action.

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al. (US Patent 6,345,261 B1) in view of Shurling et al. (US Patent 6,009,415)

Claims 8-28, 30, 32-46, 47-53, 54, and 71-89 stand rejected under § 103(a) "as being unpatentable over (Ref.[1]) FEIDELSON et al in view of (Ref.[2]) SHURLING et al." 31 Aug. 2005 Office action, at p. 3, § 6, ¶ 1. The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The '261 patent to Feidelson et al. "is directed toward a customer loyalty investment program." See, e.g., '261 patent, col. 1, lines 4-5 (emphasis added). In the system described in the '261 patent, a registered member of an investment fund is issued shares in the fund based upon the purchases the registered member makes from selected merchants. In essence, the registered member makes a purchase from a merchant; the merchant, in turn, pays a rebate that is based upon the purchase by the registered member into an investment fund; and the registered member is issued shares of the investment fund. The registered member is "forced" to use the rebate generated by the purchase to invest in certain types of securities — a "forced" additional purchase — rather than being able to use the rebate to reduce the registered member's existing debt, as in the Applicants' claimed invention. The Examiner is trying to equate getting something additional (like a free gift or an "opportunity" to invest in selected securities) with reducing a loan balance. The Applicants respectfully submit that these are only broadly-related concepts (that is, on some level these concepts all have to do with money) and are not obvious variations of the same thing. Getting a "forced investment" based upon your purchases is better than getting nothing when you make purchases. Getting your loan balance reduced is also better than getting nothing when you make purchases. These are not, however, obvious variations of the same "better than nothing." If a third party gave a purchaser of a new pair of jeans from The Gap® a pack of cigarettes because the purchaser bought the jeans, some people would say that is better than nothing too, but would such a tobacco gift program render obvious the Applicants' unique loyalty program that facilitates repayment of a loan? The cited reference discloses getting something else (a share of stock) for making purchases, rather than reducing your

existing debt. Of course, an individual could sell or redeem his/her shares in the investment fund as contemplated by the '261 patent, and then send the proceeds to a loan servicer to pay down a loan. This, however, involves additional steps that are neither disclosed nor suggested by the '261 patent, whether considered alone or in combination with any of the other references. Further, a "forced" investment like the one described in the '261 patent (e.g., into the companies whose products you purchase) may lose value (see, e.g., '261 patent, col. 13, lines 1-3 ("the value of the fund rises and falls with the value of its underlying securities")), whereas, when an individual's loan balance is reduced, as in the Applicants' claimed invention, the individual is always in a better financial position — there is no risk to the individual. This is another one of the clear differences between what is described in the '261 patent and the Applicants' claimed invention. Being "given" an additional item, whether a physical item or a share of stock, is not the same as or similar to reducing an existing debt. The only thing the '261 patent has in common with the Applicants' claimed invention is that it too describes a customer award program. The Applicants, however, do not dispute that customer award programs existed before their claimed invention.

The Examiner asserts that the '261 patent "fairly discloses a method of building personal financial assets by redeeming customer loyalty points." 31 Aug. 2005 Office action, at p. 3, § 6, ¶ 2; see also p. 4, ¶ 4. The Applicants fail to see the relevance of this statement to their claimed invention. It is a truism that one's net worth will increase if you (1) make <u>successful</u> investments or (2) reduce your existing loan obligations. The Applicants respectfully submit, however, that this truism does not support the "logical leap" that the Examiner is apparently trying to make: methods of buying securities render obvious methods of repaying loans. In other words, it may be true that making an investment is a net zero transaction (by purchasing $10 worth of stock, you are out $10, but you have $10 worth of stock — ignoring transaction fees, immediate changes in the stock market, etc.) as is getting a loan (by getting a $10 loan, you have $10 in your pocket, but you owe the lender $10 — ignoring loan origination fees, etc.). But that ends any logical connection between these very different transactions. In general, people buy securities because they have extra cash that they hope to put to work making money ("it takes money to make money"). On the other hand, people make their loan payments because they did not have sufficient money for something they wanted so they borrowed money from someone else, and now they do not want to default on their obligations to this lender.

In an attempt to patch up the shortcomings in the '261 patent to Feidelson et al., this rejection of claims 8-28, 30, 32-46, 47-53, 54, and 71-89 under § 103(a) also relies upon the '415 patent to Shurling et al. The '415 patent is directed toward a relationship scoring and incentive reward system and method. The '415 patent thus discloses a two-party system for rewarding loyal bank customers with the following incentives: (1) reduced interest rates on loan accounts; (2) reduced banking service fees; or (3) increased interest on deposit accounts. The system disclosed in the '415 patent pertains to a data processing technique for determining the number of different relationships that a customer has with the bank, scoring the relationships, and awarding incentive rewards based upon the relationship score. See, e.g., '415 patent, col. 1, lines 7-11. The '415 patent to Shurling et al. does not disclose or suggest a method of facilitating repayment of a loan obligation by redeeming accumulated loyalty/reward points as claimed by the Applicants. In particular, the '415 patent never discusses repayment of a loan, and it never discusses doing so using any type of accumulated loyalty/reward points. As explained further below, the Applicants respectfully submit that their claimed three-party (or more) system, which gives consumers an alternative way to pay the balance of a loan by making purchases from select third-party merchants, is patentably distinct from the system disclosed in the '415 patent for recognizing bank customers who do a substantial amount of business with a bank, whether considered alone or in combination with the '261 patent discussed above.

In the Applicants' claimed invention, debtors are offered an alternative way to pay down the balance of their loans. In a simplified example of the Applicants' claimed invention, a lender tells one of its existing debtors that, if the debtor purchases items like books and clothing from certain "third-party merchants" (i.e., merchants that are not a party to the lender-debtor relationship at the heart of the debtor's existing loan), the lender will, upon authorization from the debtor, "pay down" some or all of the balance of the debtor's loan with the lender. Nothing like this is disclosed in, or suggested by, the '415 patent, whether considered alone or in combination with the '261 patent.

The bank in the '415 patent to Shurling et al. is trying to get more business from its repeat customers by bating them with attractive rates. Attempting to keep existing customers with attractive rates on new business from those customers is nothing new. For this reason, the '415 patent focuses on a certain system and method for analyzing and rating customer relations in order to determine which bank customers should be offered these attractive rates. Nothing in

the '415 patent, however, suggests offering these existing bank customers an alternative way to pay down their existing loan balances via transactions between the bank's customers and "unrelated third parties" (i.e., third parties who are not a part of the ongoing relationship between the bank and the bank's customers, which is the relationships at the heart of the relationship-scoring technique disclosed in the '415 patent). In other words, even if one of the bank's preferred customers is given a slightly better rate on a new loan than would be offered to a new, walk-in customer, the established preferred bank customer still must pay back the loan the old-fashioned way – by making payments in US currency. No alternative means for repaying the loan are offered or suggested by the '415 patent's system and method.

The '415 patent discloses a data processing technique for determining the number of different relationships that a customer has with the bank, scoring the relationships, and awarding incentives (e.g., discount loan rates on future loans) to those bank customers who have desirable types and/or numbers of relationships with the bank. See, e.g., '415 patent, col. 1, lines 7-11. The Applicants' claimed invention has nothing to do with determining "desirable types or numbers of relationships"; it relates to providing debtors with alternative ways to pay back their loans, whether the particular debtor has one loan or 100 loans with the lender, and whether the particular debtor has been doing business with the lender for one day or 100 years.

Further, in the '415 patent, the bank gives up some of its profit (e.g., by charging debtors lower rates on loans, or paying its best customers higher rates for deposit savings accounts) to get more business from these bank customers determined by the patented "data processing technique" to be desirable customers. The Examiner has compared the discussion in the '415 patent of such rate incentives (i.e., loss of profit for the bank) to the Applicants' claimed system. In the Applicants claimed system, however, a lender (e.g., a claimed "first party") does not give up any of its profit, it just collects that profit from other than the debtor. In fact, in the Applicants' claimed system, the lender may receive some revenue directly from the third-party merchants to defray the cost of administering the claimed system. For example, Fig. 25 of the Applicants' drawings shows "Unipac Rev." Unipac is a sample "first party"; and the table in Fig. 25 shows Unipac receiving revenue from three different third-party merchants. The Applicants' claimed method is not comparable with the systems disclosed in the cited references.

In the Applicants' claimed invention, a consumer who has a loan with a first-party loan servicer is allowed to apply points earned by making purchases from third-party merchants to

pay down the balance of the customer's loan with the first party loan servicer – a three-party transaction coordinated by, for example, the loan servicer. In the '415 system, the bank itself gives certain bank customers better deals on future interactions with the bank because these customers have been loyal to the bank in the past – a much different two-party transaction.

The '415 patent might be relevant to what the Applicants are claiming if the '415 patent disclosed something like the bank allowing Mr. Shurling to redeem, for example, his frequent flyer miles from an unrelated third-party airline to pay down his existing loan with the bank. This, however, is not even remotely suggested by the '415 patent. The '415 patent not only fails to disclose or suggest a system for paying down the balance of a loan with the disclosed incentive rewards, but the '415 patent also fails to disclose or suggest a system for paying down the balance of a loan with loyalty points earned from a third-party merchant. In the Applicants' view, there is a huge difference between a bank itself giving a customer a break on the interest rate on a new loan with the bank ("if you do <u>more business</u> with this bank, the bank itself will give up some of its profit in order to give you a better deal next time"), and allowing a customer to pay back an existing loan using "rebates" earned by purchases from third-party purchases ("as your first-party loan servicer, we will allow you to reduce the balance of your existing loan via normal payments in US currency or, alternatively, you may apply rebates from unrelated third-party merchants (i.e., merchants who are not a party to our original lender-borrower agreement) to pay down your existing loan with us, your first-party loan servicer"). The '415 patent discloses a two-party transaction, and the Applicants' claims are directed toward a different, three-party (or more) transaction.

The Applicants believe that, in the paragraph bridging pages 4 and 5 of the 31 August 2005 Office action, the Examiner is making the following two basic assertions:

(1) The '415 patent to Shurling et al. discloses a program for rewarding loyal customers with the following:
   (i) reduced interest rates on loan accounts,
   (ii) reduced banking service fees, or
   (iii) increased interest on deposit accounts.
(2) A money manager or bank officer knows that three variables define a personal loan:
   (i) the amount borrowed;
   (ii) the interest rate charged; and
   (iii) the length of the loan repayment period.

The Applicants do not disagree with either of these two assertions. The Applicants, however, still cannot understand how the '415 patent, whether considered alone or in combination with the

'261 patent or any of the other references, discloses or renders obvious the Applicants' claim method of facilitating the repayment of the principal balance of an existing loan obligation. The '415 patent discusses rewarding loyal bank customers by giving them discounts on future business. Contrary to what the Examiner suggests, the '415 patent completely fails to teach or suggest letting bank customers reduce their existing loan obligations based upon their loyalty to the bank. Mr. Borrower cannot go into Shurling Bank and say, "I heard that your software determined that I'm a loyal bank customer, so I want you to reduce the outstanding balance of my last loan." Such a system is not disclosed in the '415 patent. In the '415 patent, there is nothing that bank customers, whether loyal to the bank or not, can do about their existing loans (for example, the loans that made the bank's software determined that these customers were worthy of some deals to encourage future business with the bank) other than to pay the loans back in full or risk losing their "preferred customer" status. As argued above, the '261 patent also fails to teach or suggest the use of rebates from third-party merchants to reduce the outstanding balance of an existing loan as in the Applicants' claimed invention.

The entire discussion of Shurling et al. '415 from the beginning of the paragraph bridging pages 4-5 of the Office action through the first full paragraph on page 5 of the Office action seems mainly if not completely irrelevant to the Applicants' claimed invention. In particular, this discussion concerns how the '415 patent relates to one method of rewarding bank customers by giving the bank's loyal customers discounts on future business. As stated by the Examiner, the '415 patent relates to "improving customer relationship [sic] by encouraging more sales transactions with the customer." 31 Aug. 2005 Office action, p. 4, last ¶ (emphasis added). The Applicants agree that the '415 patent discusses a method of soliciting additional transactions from good customers by giving such customers deals on future business on a going-forward basis. This section of the Office action also discusses the following three variables that affect a loan obligation: "amount, rate and numbers (frequency) of payments (time)." 31 Aug. 2005 Office action, p. 4, last ¶, lines 9-10. The Applicants agree with the truism that the following four variables affect a loan obligation: amount borrowed, interest rate, payment frequency, and repayment period. The Applicants agree that a borrower's loan obligation changes whenever the lender changes the amount borrowed, the interest rate, the payment frequency, and/or the repayment period. The Applicants' claimed invention, however, concerns how the loan is repaid, not how the loan obligation is incurred in the first place; and none of these four variables

relates to "how" the loan is repaid, which, in the Applicants' claimed invention, is via rebates earned by making purchases from select merchants. Contrary to what the Examiner suggests on page 5 of the Office action, the '415 patent never discloses or suggests the bank "reducing the balance" of a bank customer's existing loan. See 31 Aug. 2005 Office action, p. 5, lines 3-5. This is improper and somewhat bizarre speculation by the Examiner. How many banks ever tell even their best customers that, "merely because we think you're a good customer, the bank is going to reduce the principal balance of one of your existing loans"? If a loan officer or bank manager were to do this (i.e., unilaterally modify a contract term with a bank customer) at most banks, that loan officer or bank manager would probably find himself or herself in a lawsuit with the owners of the bank. Even if banks did what the Examiner suggests (again, reducing the balance of an existing loan is neither disclosed in nor suggested by the '415 patent), that is not what the Applicants are claiming. In the Applicants' claimed invention, the lender gets the entire loan repaid — the claimed invention merely provides an alternative means for repayment — the payment money coming directly from merchant rebates rather than from the borrowers cash reserves. Neither the '415 patent nor the '261 patent discusses the claimed method of facilitating the payment of a loan obligation directly via rebates received from merchants whose products the borrower buys — merchants who need not have any connection to the lender.

The Applicants submit that the Examiner has not only failed to establish that the '261 patent and the '415 patent, whether considered alone or in combination, disclose or suggest various aspects of the Applicants' claims (e.g., the repayment of a loan obligation via rebates from merchants) for at least the reasons set forth above, but the Examiner has also failed to establish that these two references are properly combinable in this § 103(a) rejection. The Examiner's bald assertion that "it would have been obvious" to modify the '261 patent of Feidelson et al. with the disclosure of the '415 patent to Shurling et al. is insufficient to support the purported combination of these references. According to case law as cited in the MPEP, three basic criteria must be met to establish a prima facie case of obviousness:

> First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on

> applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

MPEP § 2142; see also MPEP §§ 706.02(j), 2143. The MPEP also provides as follows:

> "The prior art must provide a motivation or reason for the worker in the art, without the benefit of appellant's specification, to make the necessary changes in the reference device." *Ex parte Chicago Rawhide Mfg. Co.*, 223 USPQ 351, 353 (Bd. Pat. App. & Inter. 1984).

MPEP § 716.02(f). And, the MPEP further states,

> When the motivation to combine the teachings of the references is not immediately apparent, it is the duty of the examiner to explain why the combination of the teachings is proper. *Ex parte Skinner*, 2 USPQ2d 1788 (Bd. Pat. App. & Inter. 1986).

MPEP § 2142.

Considering initially the first of the three MPEP quotes above, the Applicants have already argued in this response why the cited references, whether considered alone or in combination, fail to teach or suggest all of the claim limitations. In addition, the Applicants also respectfully submit that the cited references fail to provide the required (1) "teaching or suggestion to make the claimed combination" and (2) "reasonable expectation of success." These "must both be found in the prior art, and not based on applicant's disclosure."

The '261 patent to Feidelson et al. relates to a customer loyalty investment program requiring, at a minimum, complex interactions among customers, merchants, and an administrator (e.g., a broker/dealer registered under the Securities Exchange Act of 1934). On the other hand, the '415 patent discloses an "internal" customer scoring technique for determining which bank customers are the most valuable to the bank and then incentivizing those bank customers to do more business with the bank. The '415 patent emphasizes the "automatic" data extraction from previously-existing bank records (i.e., the existing "customer information file" or CIF 30 – see, e.g., '415 patent, col. 2, lines 49-54; col. 2, lines 56-59; col. 2, line 64, through col. 3, line 1; col. 3, lines 1-5; col. 3, lines 5-11; col. 3, lines 12-15; col. 3, lines 15-18; col. 3, lines 18-21; col. 4, lines 28-34; col. 17, lines 52-55; and col. 8, lines 62-65) via an operation that runs on the bank's internal computers, as it must because of the confidential nature of the customer-specific financial information being analyzed. See, e.g., '415 patent, col. 4, lines 28-32; col. 10, lines 36-43; col. 11, lines 3-9. A customer's relationship score is determined

automatically based upon data extracted from the bank records concerning its customers transactions with the bank. See, e.g., '415 patent, col. 2, lines 54-56; col. 8, lines 7-11; col. 15, 41-46. Since these relationships "are what they are," the analysis contemplated by the '415 patent would not benefit from the complex interactions at the heart of the '261 patent. Thus, the complex interactions among customers, merchants, and an administrator described in the '261 patent to Feidelson et al. are not found in the '415 patent to Shurling et al. Rather, the '415 patent deals exclusively with a method of internally analyzing a bank customer's prior transactions with the bank to determine based upon an automatically-calculated relationship score whether the customer is valuable to the bank. In addition, the bank in the '415 patent says, in essence, "we are going to look at our past relationships with you and, if we determine based upon that analysis that you are a good bank customer, the bank is going to give you a deal on your future business with the bank." On the other hand, the '261 patent says, in essence, "we are going to make you a loyal customer by giving you ownership in the businesses that you patronize." Nothing in either the '261 patent or the '415 patent suggests that either would benefit from the other. That is, the references, whether considered alone or in combination, fail to provide any motivation or reason for the worker in the art to make the changes in the references suggested by the Examiner. A fortiori, these references also fail to provide a reasonable expectation of success of the suggested combination. Thus, the Applicants respectfully submit, for at least the reasons provided above, that Feidelson et al. is not properly combinable with Shurling et al.

As for the Examiner's specific rejection of various dependent claims based upon the '261 patent in view of the '415 patent, the Applicants believe that at least some of the assertions are incorrect. By way of example, in the second full paragraph on page 5 of the Office action and again on the last line of page 13, the Examiner cites various portions of the '261 patent to Feidelson et al. as supporting this rejection of claim 9. At least the first two of the cited portions of Feidelson et al. have nothing to do with automatic tracking of loyalty points and, thus, do not teach what they are asserted to teach and do not support the rejection. The Applicants also contest the Examiner's repeated statement, throughout the Office action, that various claimed features are "non-essential to the scope of the claimed invention … and would have been obvious." The Examiner must establish the prima facie unpatentability of each claim before the Applicants are obligated to address the rejection; and the Applicants respectfully submit that the

Examiner has failed to do this for both the independent claims and the dependent claims. Even assuming that the Examiner was able to find a particular limitation in a reference, that alone does not establish the unpatentability of the claimed combination that includes the limitation. It is well established case law that a patentable invention may consist entirely of old elements, and it is impermissible for the Examiner to merely "reconstruct" the Applicants' claimed invention using the claims as a template. The Applicants reserve the right to further argue the patentability of each of the dependent claims (namely, claims 9-28, 30, 32-46, 48-53, and 72-89) after the Examiner establishes prima facie obviousness of the dependent claims and of the corresponding independent claims.

Thus, whether the cited references (namely the '261 patent to Feidelson et al. and the '415 patent to Shurling et al.) are considered alone or in combination, and assuming for sake of argument and without admission that these references are properly combinable, these references fail to teach or suggest all of the limitations from independent claims 8, 47, 54, and 71 (i.e., all of the independent claims rejected under this § 103(a) rejection). For example, the '261 patent completely fails to discuss the repayment of loans, and the '415 patent completely fails to discuss a reward program that facilitates repayment of an existing loan (let alone a system for doing so using rebates from third-party merchants). Thus, these references, even when considered together, fail to teach or suggest the Applicants' claimed invention. For at least the reasons provided above, the Applicants also respectfully submit that the reference are not properly combinable. The Applicants thus respectfully request that the Examiner reconsider and withdraw the rejection under § 103(a) of claims 8-28, 30, 32-46, 47-53, 54, and 71-89 based upon the '261 patent to Feidelson et al. in view of the '415 patent to Shurling et al.

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al./Shurling et al., Further in View of Article 4/1993

Claims 30, 32-35, and 90 stand rejected under § 103(a) "as being unpatentable over (Ref ^{1}) FEIDELSON et al / (Ref ^{2}) SHURLING et al as applied to claims 8-28 above, and further in view of (Ref ^{3}) ARTICLE 4/1993 (All Nippon … Frequent Flyers)." 31 Aug. 2005 Office action, at p. 9, § 7, ¶ 1 (emphasis in original). The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The discussion of Feidelson et al./Shurling et al. presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, since each of claims 30, 32-35, and 90 depends directly or indirectly from independent claim 8, claims 30, 32-35, and 90 are allowable as depending from an allowable independent claim for the reasons already presented. The Applicants make the following additional arguments concerning this § 103(a) rejection.

In addition to depending from what the Applicants believe is allowable independent claim 8 for at least the reasons provided elsewhere in these remarks, claim 30 adds a fourth party to the transaction. The first party (e.g., the loan servicer) facilitates accumulation of loyalty points by a first second-party user at a third-party merchant site. The first party then permits this first second-party user to transfer accumulated loyalty points to a fourth party (i.e., an additional second-party user). Article 4/1993 discusses a feature of the All Nippon Airways' frequent flyer program that permits a member of that program to transfer a free award ticket to another person. However, this reference, whether considered alone or in combination with the other cited references, does not disclose a method of facilitating repayment of a loan obligation based upon discretionary redemption of accumulated loyalty points.

For at least the reasons presented above, the Applicants respectfully submit that the cited references, whether considered alone or in combination, fail to disclose or suggest the method of dependent claim 30, even assuming for sake of argument and without admission that the three cited references are properly combinable. Dependent claims 32-35 and 90 add further limitations that the Applicants also believe the cited references fail to disclose, at least in the context of a four-party transaction. The Examiner has again completely failed to include any substantive showing of either (a) a motivation for the worker in the art to make the changes in the references suggested by the Examiner or (b) a reasonable expectation of success of the suggested combination. Thus, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of dependent claims 30, 32-35, and 90 under § 103(a).

<u>Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al. in View of Shurling et al., and Further in View of Wong et al. (US Patent 6,119,933)</u>

Claims 55-62 stand rejected under § 103(a) "as being unpatentable over (Ref [1]) FEIDELSON et al in view of (Ref [2]) SHURLING et al as applied to claim[] <u>54</u> above, and

further in view of (Ref[4]) WONG et al (US Patent 6,119,933)." 31 Aug. 2005 Office action, at p. 10, § 8, ¶ 1 (emphasis in original). The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The discussion of Feidelson et al. and of Shurling et al. presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, since each of claims 55-62 depends directly or indirectly from independent claim 54, claims 55-62 are allowable as depending from an allowable independent claim for the reasons already presented. The Applicants make the following additional arguments concerning this § 103(a) rejection.

In addition to depending from what the Applicants believe is allowable independent claim 54 for at least the reasons provided elsewhere in these remarks, claim 55 adds further limitations concerning the step of displaying information about accumulated loyalty points to the second-party users. As discussed further below, Wong et al., whether considered alone or in combination with the other cited references, fails to disclose or suggest this further aspect of the Applicants' claimed invention.

The Wong et al. patent discloses a method and apparatus for customer loyalty and marketing analysis. The Examiner cites Wong et al. as disclosing the display of "information about the accumulated loyalty points to the user by categorizing the points with several status [sic] such as 'new', 'pending', 'earned', etc, and displaying the points for each status (see col. 5, lines 45-60)." 31 Aug. 2005 Office action, p. 10, § 8, ¶ 2. The cited portion of Wong et al., however, fails to make the suggested disclosure. Rather, the cited portion of Wong et al. discloses what comprises an "award transaction" and what occurs when an award transaction is submitted by a member. An award transaction includes information about its status, whether "new, pending, fulfilled or shipped." See, e.g., '933 patent, col. 5, lines 50-51. As is stated in the '933 patent, when "the award transaction is submitted, it is retained in a pending request queue for a short period of time before completing its processing. This is to easily permit cancellation by the user." '933 patent, col. 5, lines 51-54. This discussion in the '933 patent assumes that the member is entitled to seek an award, but has nothing to do with how loyalty points may be categorized prior to being used. The method and apparatus disclosed in Wong et al. is primarily directed toward analyzing customer loyalty and marketing rather than a customer loyalty program per se. Rather, the method and system provide feedback about customers to

proprietors so that they may enhance their marketing to their loyal customers. '933 patent, col. 1, lines 56-60. In one aspect of the method and apparatus disclosed in the '933 patent, the system keeps track of customer frequency award points (how often the customer visits) in order to encourage customers to participate in the system. The Wong et al. '933 patent includes only a cursory discussion of award points, fails to include any discussion of the use of such award points for repayment of any type of loan, and fails to include any discussion that would suggest its combination with Feidelson et al. and/or Shurling et al.

First, for at least the reasons presented above, the Applicants respectfully submit that dependent claims 55-62 are patentable as depending directly or indirectly from allowable independent claim 54. Second, the Applicants also respectfully submit that these eight claims are allowable since each one adds further limitations that the Applicants believe the cited references fail to disclose or suggest in the context of the claimed invention. For example, the cited references, whether considered alone or in combination, fail to disclose or suggest the method of dependent claim 55, even assuming for sake of argument and without admission that the three cited references are properly combinable. Dependent claims 56-62 add further limitations that the Applicants also believe the cited references fail to disclose in the context of the claimed invention.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending dependent claims 55-62 under § 103(a).

<u>Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al. in View of Shurling et al. in View of Wong et al. and Further in View of Article 4/1993</u>

Claims 63, 64, <u>65</u>-70, and 91 stand rejected under § 103(a) "as being unpatentable over (Ref [1]) FEIDELSON et al in view of (Ref [2]) SHURLING et al (Ref [4]) WONG et al as applied to claims 55-62 above, and further in view of (Ref [3]) ARTICLE 4/1993." 31 Aug. 2005 Office action, at p. 11, § 9, ¶ 1. The Applicants respectfully traverse the rejection of these claims under § 103(a) since the cited references fail to disclose or render obvious the claimed invention for at least the reasons already provided above as well as the additional reasons provided below.

The discussion of Feidelson et al., Shurling et al., Wong et al., and Article 4/1993 presented above and throughout this response is applicable to the discussion of this additional

rejection under § 103(a) and is fully incorporated by reference. Thus, for example, since each of claims 63, 64, and 91 depends directly or indirectly from independent claim 54, claims 63, 64, and 91 are allowable as depending from an allowable independent claim for the reasons already presented. In addition to depending from what the Applicants believe is allowable independent claim 54 for at least the reasons provided elsewhere in these remarks, claim 63 also adds to the claimed method the ability to transfer loyalty points. In particular, the first recognized second-party user may selectively redeem accumulated loyalty points by transferring them to the second recognized second-party user. For at least the reasons discussed above in relation to the rejection of similar dependent claim 30, the cited references, whether considered alone or in combination, fail to disclose or suggest the method of claim 63; and the Examiner has failed to demonstrate any motivation to combine the references other than per the "map" provided by the Applicants' claims.

The Applicants make the following additional arguments concerning this § 103(a) rejection of independent claim 65 and its dependent claims 66-70. Independent claim 65 is another four-party transaction, which all of the claimed references fail to disclose for at least the reasons provided above. The Applicants respectfully submit that dependent claims 66-70 are patentable as depending directly from allowable independent claim 65. The Applicants also respectfully submit that these five dependent claims are allowable since each one adds further limitations that the Applicants believe the cited references fail to disclose or suggest in the context of the claimed invention. In particular, as specifically discussed above, the cited references, whether considered alone or in combination, fail to disclose or suggest the limitations of the dependent claims, and the references are not properly combinable.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending claims 63, 64, 65-70, and 91 under § 103(a).

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al. in view of the "GM Card" Article (Nov. 1993) and the "LUX in FLUX" Article (May 1990)

Claims 8-28, 30, 32-46, 47-53, 54, and 71-89 stand rejected under § 103(a) "as being unpatentable over (Ref.[1]) FEIDELSON et al in view of "GM Card" Article (Nov. 1993) and

"LUX in FLUX" Article (May 1990)." 31 Aug. 2005 Office action, at p. 12, § 10, ¶ 1. The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

This is the same group of claims that also stand rejected under § 103(a) as being unpatentable over Feidelson et al. in view of Shurling et al. See discussion *supra* at pages 16-25. In this rejection, however, the Examiner is substituting the "GM Card" Article and the "LUX in FLUX" Article for the Shurling et al. patent. The Applicants respectfully submit that, even assuming without admission that the '261 patent to Feidelson et al. is properly combinable in a § 103(a) rejection with the "GM Card" Article and the "LUX in FLUX" Article (the impropriety of combining these references is discussed further below), neither the "GM Card" Article nor the "LUX in FLUX" Article, whether considered alone or in combination, make up for all that is lacking in the '261 patent to Feidelson et al.

With regard to the "GM Card" Article, the Examiner stated, verbatim, as follows:

> In another method for improving customer relationship by encouraging <u>more sales</u> transactions with the customer, GM Card Article discloses the use of loyalty points (5% of charge volume on the card) being redeemable for <u>rebates of the purchase price of a car or van or as cash for shops</u> {see page 1, 4th and 6th paragraphs}.

31 Aug. 2005 Office action, at p. 13, ¶ 2, lines 1-4 (emphasis added).

With regard to the "LUX in FLUX" Article, the Examiner stated, verbatim, as follows:

> "LUX in FLUX" Article is merely cited to teach (1) well known fact of obtaining of a new car is done by leasing or by obtaining a <u>loan</u> through the car company's credit corporation (i.e. General Motors Corp.) and (2) wherein customer can <u>redeem</u> loyalty points (frequent-flier miles) toward the purchase of a car {see page 2, 6th paragraph}.

31 Aug. 2005 Office action, at p. 13, ¶ 2, lines 4-8 (emphasis in original added).

Again, as argued above, the Examiner is improperly trying to equate the acquisition of <u>new things</u> to the Applicants' claimed method of paying down an <u>existing loan</u>. None of the references discloses or suggests the claimed method for using rebates from third-party merchants to pay down an existing loan. The fact that you can reduce the price of a new car using rebates or frequent flyer miles, or that you can lease a car or get a loan for a new car does not help the '261 patent to Feidelson et al. render obvious the Applicants' claimed invention. The Applicants' claimed alternative means for repaying a loan obligation by selectively redeeming rebates earned by making purchases from third-party merchants is different from redeeming

points for cars or other items. In fact, exchanging reward points for cars or other items is the opposite of what the Applicants' system and method allows borrowers to do. More specifically, in the Examiner's references, credit card users redeem their points to, for example, get discounts on cars. In the Applicants' claimed invention, on the other hand, borrowers get points by buying items – points that the borrower may later use to repay a loan obligation. In this sense, the Examiner's references in fact teach away from the Applicants' claimed invention. This "teaching away" becomes clear when one considers who is paying whom. Similar to what is described in the '415 patent to Shurling et al., in the "GM Card" Article, GM is losing revenue to its credit card customers. In the '415 patent, the bank loses revenue by offering its best customers rates that are favorable to those customers. In the "GM Card" Article, the credit card issuer is losing revenue by "paying" its card holders rebates that the card holders may use to buy other stuff. For example, part of the money that ordinarily would comprise the credit card issuer's profit is paid back to the card holder for that card holder to buy certain predetermined items from merchants like GM dealers, shops, hotels, and restaurants. In the Applicants' claimed system, on the other hand, these merchants are "paying" both the loan servicer and the borrower. The borrower in the Applicants' claimed system can then use its "payment" from the third-party merchants to pay the loan servicer. In the Applicants' claimed invention, the loan servicer does not pay anyone and does not lose revenue. The banks mentioned in the '415 patent and the credit card issuer mentioned in the "GM Card" Article are clearly not comparable to the Applicants' claimed first party, which may be a primary loan servicer (see, e.g., claims 23, 28, and 48) or a secondary loan servicer (see, e.g., claims 52 and 53). In the Applicants' claimed invention, the loan servicer gets its payment in full (and then some), it just gets it indirectly from the third-party merchants rather than from its debtors.

To reiterate, in one aspect of the Applicants' claimed system and method, a first-party loan servicer facilitates the user making a purchase from a third-party merchant in order to obtain loyalty points that may be used to pay down the balance of a loan being serviced by the loan servicer. In the Applicants' claimed invention, the website visitor (i.e., the claimed "second-party user") is being incentivized to make a purchase from selected third-party merchants by allowing the website visitor to obtain a "rebate" from its purchase that may be applied to reduce the balance of a loan being serviced by a party other than the third-party merchant, for example. In the Applicants' claimed system and method, therefore, a user must

spend money at a third party's website before they will earn loyalty points that may be applied to reduce the balance on their loan being serviced by a first-party loan servicer. This is vastly different from what occurs in both the '415 patent to Shurling et al. and the system described in the "GM Card" Article. The Applicants' claimed invention is directed toward a three-party (or more) system for obtaining points by making purchases from selected third-party merchants and then being able to apply those points to reduce the balance of a loan being serviced by a party that is different from the third-party merchants from whom the purchases are being made. Again, unlike what is being disclosed in the cited references, the loan servicer in the Applicants' claimed invention collects its full amount due – it just effectively collects part of that amount from a third-party merchant who is not otherwise a party to the loan being repaid with the rebated funds. The Applicants respectfully submit that this is neither suggested nor disclosed by the cited "GM Card" Article, whether considered alone or in combination with the '261 patent to Feidelson et al. and/or the "LUX in FLUX" Article.

The Applicants respectfully submit that their system and method of rejected independent claims <u>8</u>, <u>47</u>, <u>54</u>, and <u>71</u>, for example, which allows consumers to pay back the balance of a loan being serviced by a loan servicer by applying points obtained by making purchases from selected third-party merchants, is unique. It is neither disclosed nor rendered obvious by the '261 patent to Feidelson et al. cited by the Examiner, whether considered alone or in combination with the "GM Card" Article and/or the "LUX in FLUX" Article. None of these relied upon references suggests or teaches a three-party (or more) transaction for repayment of a loan using loyalty points earned from purchases at third-party merchants, and the Applicants could find nothing in any of these references suggesting their combination, let alone giving one an expectation of such a combination succeeding. Thus, the Applicants believe that, not only do the teaching of these references fail to disclose or suggest each of the limitations in the Applicants' independent claims that are subject to this rejection for at least the reasons stated above, but the cited references also fail to include anything suggesting or supporting their combination as proffered by the Examiner, and the cited references also fail to include anything creating any expectation that the proffered combination would perform successfully.

Dependent claims 9-28, 30, 32-46, 48-53, and 72-89 add further limitations that the Applicants also believe the cited references fail to disclose, at least in the context of the various claimed three-party (or more) transactions. The Examiner must establish the prima facie

unpatentability of each claim before the Applicants are obligated to address the rejection; and the Applicants respectfully submit that the Examiner has failed to do this for both the independent claims and the dependent claims. Even assuming that the Examiner was able to find a particular limitation in a reference, that alone does not establish the unpatentability of the claimed combination that includes the limitation. It is well established case law that a patentable invention may consist entirely of old elements, and it is impermissible for the Examiner to merely "reconstruct" the Applicants' claimed invention using the claims as a template. The Applicants reserve the right to further argue the patentability of each of the dependent claims (namely, claims 9-28, 30, 32-46, 48-53, and 72-89) after the Examiner establishes prima facie obviousness of the dependent claims and of the corresponding independent claims.

Thus, whether the cited references (namely the '261 patent to Feidelson et al., the "GM Card" Article, and the "LUX in FLUX" Article.) are considered alone or in combination, and assuming for sake of argument and without admission that these references are properly combinable, these references fail to teach or suggest all of the limitations from independent claims 8, 47, 54, and 71 (i.e., all of the independent claims rejected under this § 103(a) rejection). For example, the '261 patent and the "GM Card" Article completely fail to discuss the repayment of loans, and the "LUX in FLUX" Article completely fails to discuss a reward program that facilitates repayment of an existing loan (let alone a system for doing so using rebates from third-party merchants). Thus, these references, even when considered together, fail to teach or suggest the Applicants' claimed invention. The Applicants also respectfully submit that the references are not properly combinable. The Applicants thus respectfully request that the Examiner reconsider and withdraw the rejection under § 103(a) of claims 8-28, 30, 32-46, 47-53, 54, and 71-89 based upon the '261 patent to Feidelson et al. in view of the "GM Card" Article and the "LUX in FLUX" Article.

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al./"GM Card" Article and "LUX in FLUX" Article, Further in View of Article 4/1993

Claims 30, 32-35, and 90 stand rejected under § 103(a) "as being unpatentable over (Ref [1]) FEIDELSON et al / "GM Card" Article and "LUX in FLUX" Article as applied to claims 8-28 above, and further in view of ARTICLE 4/1993 (All Nippon ... Frequent Flyers)." 31 Aug.

2005 Office action, at p. 17, § 11, ¶ 1. The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The discussion of Feidelson et al. presented throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Similarly, the discussion of the "GM Card" Article and of the "LUX in FLUX" Article presented in the last section above is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, since each of claims 30, 32-35, and 90 depends directly or indirectly from independent claim 8, claims 30, 32-35, and 90 are allowable as depending from an allowable independent claim for the reasons already presented. The Applicants make the following additional arguments concerning this § 103(a) rejection.

In addition to depending from what the Applicants believe is allowable independent claim 8 for at least the reasons provided elsewhere in these remarks, claim 30 adds a fourth party to the transaction. The first party (e.g., the loan servicer) facilitates accumulation of loyalty points by a first second-party user at a third-party merchant site. The first party then permits this first second-party user to transfer accumulated loyalty points to a fourth party (i.e., an additional second-party user). Article 4/1993 discusses a feature of the All Nippon Airways' frequent flyer program that permits a member of that program to transfer a free award ticket to another person. However, this reference, whether considered alone or in combination with the other cited references, does not disclose a method of facilitating repayment of a loan obligation based upon discretionary redemption of accumulated loyalty points.

For at least the reasons presented above, the Applicants respectfully submit that the cited references, whether considered alone or in combination, fail to disclose or suggest the method of dependent claim 30, even assuming for sake of argument and without admission that the four cited references are properly combinable. Dependent claims 32-35 and 90 add further limitations that the Applicants also believe the cited references fail to disclose, at least in the context of a four-party transaction. The Examiner has again completely failed to include any substantive showing of either (a) a motivation for the worker in the art to make the changes in the references suggested by the Examiner or (b) a reasonable expectation of success of the suggested combination. Thus, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of dependent claims 30, 32-35, and 90 under § 103(a).

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al. in View of the "GM Card" Article and the "LUX in FLUX" Article, and Further in View of Wong et al.

Claims 55-62 stand rejected under § 103(a) "as being unpatentable over FEIDELSON et al in view of 'GM Card' Article and 'LUX in FLUX' Article applied to claim[] 54 above, and further in view of (Ref[4]) WONG et al (US Patent 6,119,933)." 31 Aug. 2005 Office action, at p. 18, § 12, ¶ 1 (emphasis in original). The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The discussion of Feidelson et al., the "GM Card" Article, the "LUX in FLUX" Article, and Wong et al. presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, since each of claims 55-62 depends directly or indirectly from independent claim 54, claims 55-62 are allowable as depending from an allowable independent claim for the reasons already presented. The Applicants make the following additional arguments concerning this § 103(a) rejection.

In addition to depending from what the Applicants believe is allowable independent claim 54 for at least the reasons provided elsewhere in these remarks, claim 55 adds further limitations concerning the step of displaying information about accumulated loyalty points to the second-party users. As discussed further above (see, e.g., page 27, 3rd full ¶, through page 28, line 7), Wong et al., whether considered alone or in combination with the other cited references, fails to disclose or suggest this further aspect of the Applicants' claimed invention.

First, for at least the reasons presented above, the Applicants respectfully submit that dependent claims 55-62 are patentable as depending directly or indirectly from allowable independent claim 54. Second, the Applicants also respectfully submit that these eight claims are allowable since each one adds further limitations that the Applicants believe the cited references fail to disclose or suggest in the context of the claimed invention. For example, the cited references, whether considered alone or in combination, fail to disclose or suggest the method of dependent claim 55, even assuming for sake of argument and without admission that the four cited references are properly combinable. Dependent claims 56-62 add further limitations that the Applicants also believe the cited references fail to disclose in the context of the claimed invention.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending dependent claims 55-62 under § 103(a).

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Feidelson et al. in View of the "GM Card" Article, the "LUX in FLUX" Article, Wong et al., and Further in View of Article 4/1993

Claims 63, 64, 65-70, and 91 stand rejected under § 103(a) "as being unpatentable over FEIDELSON et al in view of 'GM Card' Article, 'LUX in FLUX' Article, WONG et al as applied to claims 55-62 above, and further in view of (Ref [3]) ARTICLE 4/1993." 31 Aug. 2005 Office action, at p. 19, § 13, ¶ 1. The Applicants respectfully traverse the rejection of these claims under § 103(a) since the cited references fail to disclose or render obvious the claimed invention for at least the reasons already provided above as well as the additional reasons provided below.

The discussion of Feidelson et al., the "GM Card" Article, the "LUX in FLUX" Article, Wong et al., and Article 4/1993 presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, for example, since each of claims 63, 64, and 91 depends directly or indirectly from independent claim 54, claims 63, 64, and 91 are allowable as depending from an allowable independent claim for the reasons already presented. In addition to depending from what the Applicants believe is allowable independent claim 54 for at least the reasons provided elsewhere in these remarks, claim 63 also adds to the claimed method the ability to transfer loyalty points. In particular, the first recognized second-party user may selectively redeem accumulated loyalty points by transferring them to the second recognized second-party user. For at least the reasons discussed above in relation to the rejection of similar dependent claim 30, the cited references, whether considered alone or in combination, fail to disclose or suggest the method of claim 63; and the Examiner has failed to demonstrate any motivation to combine the references other than per the "map" provided by the Applicants' claims.

The Applicants make the following additional arguments concerning this § 103(a) rejection of independent claim 65 and its dependent claims 66-70. Independent claim 65 is another four-party transaction, which all of the cited references fail to disclose for at least the reasons provided above. The Applicants respectfully submit that dependent claims 66-70 are

patentable as depending directly from allowable independent claim 65. The Applicants also respectfully submit that these five dependent claims are allowable since each one adds further limitations that the Applicants believe the cited references fail to disclose or suggest in the context of the claimed invention. In particular, as specifically discussed above, the cited references, whether considered alone or in combination, fail to disclose or suggest the limitations of the dependent claims, and the references are not properly combinable.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending claims 63, 64, 65-70, and 91 under § 103(a).

Conclusion

Following entry of the above amendments, claims 8-28, 30, and 32-91 are pending in the application. The Applicants believe that these claims are in condition for allowance and respectfully request that a Notice of Allowance be issued in this case.

If the Examiner has any questions, he is encouraged to contact the undersigned attorney directly at the number provided below. If the Office determines that any additional fees are due that are not enclosed herewith, the Office is authorized to charge customer deposit account number 502885.

Respectfully submitted this 4th day of January 2006.

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